

Amend Section 5802 of the Revenue and Taxation Code to clarify that a manufactured home is not subject to supplemental assessment when an owner converts the taxation of their home from the vehicle license fee to the local property tax.

Source: Property Taxes Department

Under existing law, real property must be reassessed upon a change in ownership or completion of new construction. Until 1983, these reassessments were enrolled once each year on the lien date. Thus any increase in taxes would not be reflected until the next regular annual tax bill. Beginning in 1983, Senate Bill 813 (Ch. 498, Stats. 1983) created the concept of "supplemental assessments" whereby events that trigger a reassessment of property would become effective immediately. Supplemental assessments create tax bills which are "in addition to" the annual property tax bill sent to each property owner.

Under current law, mobilehomes are subject to taxation under either the property tax or the vehicle license fee (VLF). Generally, mobilehomes are subject to local property tax if they are first sold new on or after July 1, 1980, placed on a permanent foundation, or the owner voluntarily requests conversion from the VLF to property tax. When a mobilehome becomes subject to property tax for the first time because of a voluntary conversion, Section 5802 provides that the mobile home is valued on the lien date following the effective date of the conversion and enrolled on the regular Section 601 roll. The Board's position is that voluntary conversion is not an event subject to supplemental assessment because there has not been a change in ownership or new construction.

Most requests for voluntary conversion to property tax occur just prior to the sale of a manufactured home in order for the purchaser to avoid paying sales tax on the pending sale. Because a conversion and a change in ownership occur consecutively some assessors have issued supplemental assessments on the subsequent change in ownership. However, it is the Board's position that because the mobilehome is not yet subject to property tax until it has been enrolled on the ensuing regular roll, a supplemental assessment is not appropriate. (See LTA 83/128)

In four assessment practices surveys of county assessors offices it was found that supplemental assessments were being levied upon voluntary conversions. Three of four counties have corrected their practices but one county (Butte) disagrees with the Board position and continues to levy these assessments because they believe that the home becomes subject to county assessment jurisdiction at the time it is

converted (rather than the ensuing lien date). Consequently, since the home was subject to local property tax as a result of the conversion, the county believes the home is subject to supplemental assessment when it changes ownership.

The Board's Legal Division has stated that the law is not sufficiently clear to ensure that the staff's position would prevail in a legal proceeding. Currently, Section 5802 provides that when a manufactured home is converted from VLF to LPT, the base year value shall be the value on the first lien date following the conversion.

This proposal would provide that if there is a change in ownership following the conversion, and before the first lien date of enrollment, the base year value shall be the value as of the date of the ownership change. The amendment would also specify that the initial base year value is not subject to supplemental assessment. These changes would ensure statewide conformity in the assessment of mobilehomes following voluntary conversions.

Section 5802 of the Revenue and Taxation Code is amended to read:

5802. (a) Except as provided in subdivisions (b) and (c), "base year value" as used in this part means the full cash value of a manufactured home on the date the manufactured home is purchased or changes ownership. If the manufactured home undergoes any new construction after it is purchased or changes ownership, the base year value of the new construction is its full cash value on the date on which the new construction is completed, and if uncompleted, on the lien date.

(b) The base year value of a manufactured home for which the license fee is delinquent shall be its full cash value on the lien date for the fiscal year in which it is first enrolled.

(c) The base year value of a manufactured home converted pursuant to Section 18119 of the Health and Safety Code from taxation under Part 5 (commencing with Section 10701) of Division 2 to taxation under this part shall be its full cash value on the lien date for the fiscal year in which that manufactured home is first enrolled except as provided in subdivision (d).

(d) This section shall become operative on January 1, 1999. If during the same calendar year the manufactured home changes ownership subsequent to the conversion described in subdivision (c), the base year value shall be its full cash value on the date of the change in ownership.

(e) The initial base year value established pursuant to subdivision (c) or (d) is not a change in assessed value for purposes of section 75 and is not subject to supplemental assessment.